

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (8/20):
BUTTER: Grade AA closed at \$1.3250. The weekly average for Grade AA is \$1.3267 (-.0875).

CHEESE: Barrels closed at \$1.8750 and blocks at \$1.9725. The weekly average for barrels is \$1.8820 (+.0405) and blocks, \$1.9655 (+.0625).

NONFAT DRY MILK: Extra Grade closed at \$1.0300 and Grade A at \$1.0500. The weekly average for Extra Grade is \$1.0300 (+.0110) and Grade A, \$1.0500 (N.C.).

BUTTER: The market tone remains unsettled and weak. The cash price at the CME is in its fifth significant decline cycle this calendar year. Churning schedules across the country vary, but for the most part are light due to limited cream availability. Stocks of frozen butter continue to be readily available for current needs with fresh butter limited. Overall orders are fair with scattered retail feature activity stimulating butter sales.

CHEESE: The cheese market remains firm. Cash cheese prices continue to set new record high prices weekly. Interest in current cheddar remains strong. Some buyers are reassessing needs at current price levels. The wide barrel/block spread continues to concern barrel producers. Cheese and milk production in Western areas is generally much higher than comparable year ago levels while production is more seasonal in the Midwest and East. Milk volumes available for cheese production are expected to be reduced by bottlers refilling the school milk pipeline.

FLUID MILK: Milk production in the Southeast and Florida is continuing to decline due to continued heat stress. Milk shipments to supplement local supplies are continuing to the Southeast, though shipments are down from the overly optimistic numbers ordered last week. In the Northeast and Midwest, where temperatures have moderated, milk receipts are steady to slightly higher. In the West, comfortable conditions have milk receipts near spring flush levels in California and manufacturing plants are operating at capacity. Other Western locations are seeing increases in milk receipts. The reopening of schools over the next few weeks is expected to generate an increase in Class I use and reduce volumes entering manufacturing channels.

DRY PRODUCTS: Reductions in butter/powder output is reducing the volumes of buttermilk and NDM produced and these markets are firm and prices are higher. Cheese plant operators are interested in making NDM purchases

as well as the normal seasonal increases from candy makers and bakeries. The whey and WPC markets are steady to firm. Prices are increasing in the Central and Eastern markets where production has declined seasonally. In the West, the bullish cheese market and increases in milk receipts is generating additional volumes of whey and demand is not as aggressive.

CCC: During the week of August 16 - 20, CCC purchased 1,457,283 net pounds of nonfortified and no fortified NDM.

JULY MILK PRODUCTION (NASS): Milk production in the 20 major states during July totaled 11.6 billion pounds, up 257 million pounds (2.3%) from production in these same states in July 1998. June revised production, at 11.7 billion pounds was up 318 million pounds (2.8%) from June 1998. Production per cow averaged 1,496 pounds for July, 28 pounds (1.9%) above July 1998. The number of cows on farms was 7.74 million head, 27,000 (0.4%) more than July 1998 and 6,000 head more than June 1999.

MILK SUPPLY AND DEMAND ESTIMATES (WASDE): Demand for dairy products remains strong. The demand for milkfat has resulted in higher than anticipated milk prices and milk price forecasts are raised. Total supply and use estimates are little changed.

FEDERAL MILK ORDER MARKET SUMMARY (AMS): During July, about 6.6 billion pounds of milk were marketed under Federal orders. Producer deliveries were about 2.1% less than July 1998, and about 32.3% less than June 1999 on an estimated daily average basis. Milk utilized in Class I products in July was 0.2% more than last year on an adjusted basis. The average blend price was \$13.39, \$1.10 less than last year. Changes in class prices from year-earlier levels were: Class I, up \$.38; Class II, up \$.38; Class III, down \$1.18; and Class III-A, down \$3.23.

JUNE FLUID MILK SALES HIGHLIGHTS (AMS): During June, sales of fluid milk products in comparable Federal milk order marketing areas and California were 0.6% above the previous year and 0.1% above May 1999 on an adjusted daily average basis. Sales of whole milk products were 1.4% above the previous year while sales of fat-reduced milk products were unchanged. Total fluid milk sales were higher in the Southeastern, Southwest, and Far West regions; lower in the Northeast and Midwest. Total fluid milk sales for the first half of 1999 were 0.9% higher than the same period last year.

****SPECIALS THIS ISSUE****

BUTTER, CHEESE, AND BFP FUTURES (PAGE 7)
 INTERNATIONAL DAIRY MARKET NEWS (PAGE 8)
 SUPPLY AND DEMAND ESTIMATES (PAGE 9)
 JULY MILK PRODUCTION (PAGE 10)
 U.S. IMPORTS AND EXPORTS OF DAIRY PRODUCTS (PAGE 11)
 JUNE FLUID MILK SALES HIGHLIGHTS (PAGE 12)
 FEDERAL MILK ORDER PRICE AND POOL HIGHLIGHTS (PAGES 13-14)

**CHICAGO MERCANTILE EXCHANGE
 CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY AUGUST 16	TUESDAY AUGUST 17	WEDNESDAY AUGUST 18	THURSDAY AUGUST 19	FRIDAY AUGUST 20	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.8800 (+.0200)	\$1.8850 (+.0050)	\$1.8850 (N.C.)	\$1.8850 (N.C.)	\$1.8750 (-.0100)	+.0150	\$1.8820 (+.0405)
40# BLOCKS	\$1.9600 (+.0275)	\$1.9600 (N.C.)	\$1.9625 (+.0025)	\$1.9725 (+.0100)	\$1.9725 (N.C.)	+.0400	\$1.9655 (+.0625)
NONFAT DRY MILK EXTRA GRADE	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (+.0110)
GRADE A	\$1.0500 (N.C.)	\$1.0500 (N.C.)	\$1.0500 (N.C.)	\$1.0500 (N.C.)	\$1.0500 (N.C.)	N.C.	\$1.0500 (N.C.)
BUTTER GRADE AA	\$1.3300 (-.0575)	-----	\$1.3250 (-.0050)	-----	\$1.3250 (N.C.)	-.0625	\$1.3267 (-.0875)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

MONDAY, AUGUST 16, 1999

CHEESE -- SALES: 2 CARS BARRELS @ \$1.8800; BIDS UNFILLED: 3 CARS BARRELS: 2 @ \$1.8700, 1 @ \$1.8650; 7 CARS 40# BLOCKS: 2 @ \$1.9600, 1 @ \$1.9400, 4 @ \$1.9325; OFFERS UNCOVERED: 2 CARS 40# BLOCKS - 3-MONTH OLD @ \$1.9325
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 10 CARS: 1 @ \$1.3375, 1 @ \$1.3400, 1 @ \$1.3375, 1 @ \$1.3400, 1 @ \$1.3375, 1 @ \$1.3400, 1 @ \$1.3150, 1 @ \$1.3125, 1 @ \$1.3200, 1 @ \$1.3300; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 21 CARS: 2 @ \$1.3325, 1 @ \$1.3400, 1 @ \$1.3450, 1 @ \$1.3475, 1 @ \$1.3500, 1 @ \$1.3525, 1 @ \$1.3600, 1 @ \$1.3650, 1 @ \$1.3700, 1 @ \$1.3775, 1 @ \$1.3800, 1 @ \$1.3825, 1 @ \$1.3850, 2 @ \$1.3875, 1 @ \$1.3900, 1 @ \$1.4000, 3 @ \$1.4100

TUESDAY, AUGUST 17, 1999

CHEESE -- SALES: 6 CARS BARRELS @ \$1.8850, 6 CARS 40# BLOCKS - 3-MONTH OLD @ \$1.9325; BIDS UNFILLED: 4 CARS 40# BLOCKS @ \$1.9600; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.9300; 2 CARS 40# BLOCKS - 3-MONTH OLD @ \$1.9325
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, AUGUST 18, 1999

CHEESE -- SALES: 10 CARS 40# BLOCKS - 3-MONTH OLD @ \$1.9325; BIDS UNFILLED: 3 CARS 40# BLOCKS: 1 @ \$1.9625, 2 @ \$1.9600; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 1 CAR @ \$1.3250; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 13 CARS: 1 @ \$1.3250, 1 @ \$1.3900, 1 @ \$1.5500, 10 @ \$1.6000

THURSDAY, AUGUST 19, 1999

CHEESE -- SALES: 2 CARS 40# BLOCKS @ \$1.9725; BIDS UNFILLED: 4 CARS 40# BLOCKS @ \$1.9625; OFFERS UNCOVERED: 2 CARS BARRELS: 1 @ \$1.8850, 1 @ \$1.8950; 1 CAR 40# BLOCKS - 5-MONTH OLD @ \$1.9550
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, AUGUST 20, 1999

CHEESE -- SALES: 4 CARS 40# BLOCKS @ \$1.9725; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS BARRELS: 2 @ \$1.8750, 1 @ \$1.8850
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: NONE; BIDS UNFILLED: 2 CARS @ \$1.3250; OFFERS UNCOVERED: 3 CARS: 2 @ \$1.3400, 1 @ \$1.3600

BUTTER MARKETS**NORTHEAST**

The market tone is weak. At the time of this report (8/17), the AA price at the CME has dropped five consecutive trading sessions and is fourteen cents below where it was at the start of August. Contacts are surprised by the fact that butter and cheese prices are on an opposite track. It is quite unusual for butter prices to drop this significantly during August. Most contacts feel that the price declines are directly or indirectly associated with all the butter that was stored early in the year. Apparently, a lot of people remembered 1998's \$2.81 price for butter and stored large volumes early this spring. Some of these volumes are now being offered for sale. Despite limited churning activity, butter stocks are more than sufficient to meet current bulk and print orders. Reports indicate that some imported bulk was being offered well below last week's CME prices and didn't move. Retail demand is slow to fair unless featured. Food service orders are about steady. Spot bulk sales are slow and prices still range from 3 - 5 1/2 cents over the CME weekly average.

CENTRAL

The butter market tone is unsettled and weak as the cash AA price at the CME is in its 5th significant weakening trend thus far this calendar year. Stocks of frozen butter are reported to be well above year ago levels, although fresh butter stocks are limited. Cream supplies are tight, thus current churning schedules are lower. Recent firmer cash prices and more recent weaker cash prices are not impacting orders as greatly as many producers anticipated. For the most part, producers indicate that sales are seasonally fair. Food service buyers, especially

in resort and vacation areas, are starting to review their needs for the upcoming few weeks as the summer vacation season comes to an unofficial close on Labor Day. Retail demand is fairly steady with instances of retail feature activity, in conjunction with seasonally sweet corn availability, stimulating butter sales.

WEST

Butter prices continue to decline in a rather unsettled market. Current production in the region is steady to lower. Churners are selling cream to other usages to take advantage of better returns. There are some problems in finding tankers to move cream due to the volume of milk that is being moved around the region and into other regions. Bulk butter sales are often being filled from storage. Print orders are holding mostly steady. Food service orders are noted as better than retail orders.

WHOLESALE SELLING DIFFERENTIALS, F.O.B. PRODUCING PLANTS,
TRUCKLOAD QUANTITIES.

DUE TO A LACK OF CONSENSUS ON THE PART OF PRODUCERS AND BUYERS ABOUT THE BASING POINT FOR BULK BUTTER SALES (PREVIOUS FRIDAY'S CLOSE, PREVIOUS WEEK'S AVERAGE, DATE OF SALE, DATE OF SHIPMENT, ETC.), DAIRY MARKET NEWS IS TEMPORARILY SUSPENDING THE REPORTING OF PREMIUMS OR DISCOUNTS.

NASS DAIRY PRODUCT PRICES
U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 39% MOISTURE			
AUGUST 14	1.7218 5,681,278	1.6946 9,486,578	1.0097 26,851,559	1.4377 2,669,835	0.1819 5,487,251

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are again higher as cheese prices at the CME continue to climb. At the CME, both blocks and barrels are at record high levels and most contacts expect one or both to break the \$2.00 barrier in the near future. The market tone is firm, but some contacts feel that consumption may suffer if prices move too high. This pattern would, in all likelihood, show up at retail outlets. Cheese use at fast food and pizza shops remain good and expected to improve now that colleges and universities are starting a new year and students return. In the Northeast, cheese output is steady to lighter as more milk is being shipped south. However, continued good cheese demand does force some cheese makers to keep milk in their systems to fill orders. It is difficult for producers to put cheddar into aging programs at these prices, but it is being done to maintain continuity. Cheddar and mozzarella stocks are lighter than expected and demand is good.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.9150-2.4050
Cheddar Single Daisies	:	1.8900-2.4050
Cheddar 40# Block	:	2.0425-2.2075
Process 5# Loaf	:	2.0550-2.2100
Process 5# Sliced	:	2.0725-2.3300
Muenster	:	2.0975-2.4000
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market remains firm with current CME cash prices at record high levels. The new records set on the CME cash markets have caused some buyers to slow down and reassess needs. Some buyers have no choice where current product is required. Others are utilizing inventory acquired earlier. Some processors are seeing the usual late summer slowdown in demand as interest shifts more toward natural in preparation for the reopening of schools. The strongest interest remains on current American varieties. Barrel interest is steady to just slightly lighter and current offerings are in better balance with needs than blocks. With the widening spread between cheese and butter prices, buyers are more closely watching fat tests for elevated levels on incoming product. Cheese production and yields have improved somewhat since the late July heat stressed levels. The reopening of local schools over the next few weeks is likely to pull extra milk away from cheese plants, though with some difficulty due to low Class I prices compared to cheese milk prices.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	2.0225-2.1000
Brick And/Or Muenster 5#	:	2.1000-2.3675
Cheddar 40# Block	:	2.1000-2.1600
Monterey Jack 10#	:	2.1150-2.3500
Blue 5#	:	2.4950-2.6800
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.1700-2.2300
Grade A Swiss Cuts 6 - 9#	:	2.4000-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	AUGUST 16 - 20, 1999
BARRELS*	:	\$1.8525 - 1.8950 (NOMINAL)
	:	(\$1.025) (.0450)
40# BLOCKS	:	\$1.9225 - 1.9600 (NOMINAL)
	:	(\$1.0825) (.0400)

() Change from previous week. * If steel, barrel returned.

WEST

Wholesalers continue to increase prices, reflecting the higher and record setting prices at the CME for both barrels and blocks. The block weekly average price has increased for 12 consecutive weeks since mid-May. Increasing prices are doing little to deter demand. Buyers have orders for cheese and are not always receiving full contracted orders as some plants in the region are allocating shipments. Cheddar and mozzarella are in the tightest positions. Cheese production remains strong in the region, reflecting higher milk output levels. Concerns are being expressed as to what the equilibrium level is for this market and how ultimate buyers will react once full costs pass through all marketing channels.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.9875-2.2475
Cheddar 40# Block	:	2.0200-2.1600
Cheddar 10# Cuts	:	2.2000-2.4200
Monterey Jack 10#	:	2.2100-2.3825
Grade A Swiss Cuts 6 - 9#	:	2.2900-2.4200

FOREIGN

Prices on domestic styles are up again this week. Prices of domestic cheeses have increased 12 straight weeks. Demand for foreign type cheeses is steady to a little improved. Now that the summer vacation season is coming to an end, orders historically start to pick up as shopping and dining habits return to more normal. The high domestic prices are making some of the imported styles more attractive to uses and retail shoppers.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
	:	:
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 2.2525-2.8625*
Gorgonzola	: 3.2400-5.9400	: 2.4900-2.9300*
Parmesan (Italy)	: TFEWR	: 3.6625-3.6925*
Romano (Italy)	: 2.1000-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 2.2525-2.5375*
Romano (Cows Milk)	: -0-	: 3.4325-5.6575*
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.1200	: -0-
Swiss Cuts Switzerland	: -0-	: 2.3500-2.5500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
08/16/99	12,095	126,727
08/01/99	14,803	125,478
CHANGE	-2,708	1,249
% CHANGE	-18	1

FLUID MILK AND CREAM

E A S T

Northeastern Milk Market Administrators announced July 1999 uniform (blend) prices: Federal Order (F.O.) 1 is \$12.97; F.O. 2, \$13.21; F.O. 4, \$13.41; F.O. 36, \$13.15; and Western NY Milk Market Area, \$13.04. During July milk production in the 20 major states totaled 11.6 billion pounds, up 2.3% from July 1998. The following are the July to July changes for selected states: Kentucky -5.8%, Virginia -2.7%, Pennsylvania -0.8%, Texas -0.2%, Florida +7.2%, New York +1.7%, and Vermont +2.2%. Milk production ranges from slightly higher in the northernmost areas to still falling in the Southeast. Temperatures are still very high in most of the Southeast. Florida contacts have commented on the high, heat-related mortality rate of cows this summer. Fluid milk supplies are not as tight this week, but there are still quite a few transportation problems. As happens every year when milk shipments begin and schools reopen, milk buyers who were short last week, "padded" their orders to meet anticipated needs. Then, when orders are placed they find they ordered too much milk and cancel loads. These canceled loads create another set of logistical problems. Some loads may already be on the road and have to be diverted to other plants or turned around to go back to the shipping plant. This week, Florida handlers started the week with orders for more than 150, but ended up bringing in only 94. This compares to 158 loads last week and 179 loads during the same week last year. Other Southeastern handlers imported about 265 loads this week. This figure is approximately 100 loads less than originally scheduled. Bottled milk sales are increasing where schools are back in session or starting next week. In the Northeast, some colleges will be starting soon, but most public schools do not start until after Labor Day. Surplus milk volumes are a little more plentiful this week, but still short of desired levels. Many plants are operating on reduced schedules, but this is normal for this time of year. The condensed skim market is still quite firm. Class II condensed prices are unchanged to higher as suppliers adjust solids prices because of the falling butterfat values. Class II demand is limited. The fluid cream market remains firm. Prices are steady to lower. Many suppliers are increasing their multiples to offset the falling butter price at the CME. Cream supplies are tight and loads are still coming across the country from California at competitive prices. Production of ice cream is moderate to heavy. Some ice cream mix makers have slowed output to match orders and work off some inventories. Consumption of hard and soft serve ice cream and frozen novelties are holding up quite well. Churning activity is light at most Eastern butter/powder plants.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.8667-2.0789
DELIVERED EQUIVALENT ATLANTA	-	1.8809-2.0789 M 1.9233-2.0082
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.8038-1.9980

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS: NORTHEAST	-	.9000-1.1000
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M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
AUGUST 13 - 19, 1999	39
PREVIOUS WEEK	25
COMPARABLE WEEK IN 1998	10

DESTINATIONS: KENTUCKY 16, MISSISSIPPI 2, MISSOURI 21

Class I interest was steady to occasionally improved, especially where preparations are underway for the reopening of schools for the new term. An occasional milk promotion is also stimulating milk sales in some locations, but a few bottlers have reportedly talked to retailers to avoid using milk as a "loss leader" for a while. Another 14 loads of Wisconsin milk are direct shipped to

Missouri along with 28 loads to Kentucky and 21 to Tennessee. These loads are pooled under a Southern federal order to supplement local offerings. Also, 10 loads were shipped to an Ohio bottler. After the strong interest in milk the last week or two, some spot milk was occasionally available, particularly over the weekend, and some buyers that had been looking for milk were not able to take it due to changes in plant manufacturing schedules. On a light test, reported manufacturing premiums range from \$2.00 - 3.00 over class. Some handlers were trying to remind milk buyers that some lead time is necessary to find milk and trucks for the anticipated surge in orders as schools reopen. Cream supplies are tight and some buyers express surprise that cash butter prices have declined yet cream remains tight. Cream prices are lower and some Western supplies are being used to supplement local offerings. Cool, mostly comfortable weather continues to cover most of the upper Midwest. Plant milk intakes were steady to occasionally higher, but still off from the period just before the late July hot spell. Fat and protein tests have also recovered most of the decline. The initial estimated milk production in selected Midwestern states compared with 1998 is: Wisconsin 1.956 billion pounds, down 18 million pounds (0.9%); Minnesota 782 million pounds, up 12 million pounds (1.6%); Michigan 450 million pounds, off 20 million pounds (4.3%), and Iowa 307 million pounds, down 9 million pounds (2.8%).

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	AUG 12 - 18	PREVIOUS YEAR
SLAUGHTER COWS	\$ 35.00- 41.00	\$ 33.50- 38.00
REPLACEMENT HEIFER CALVES	\$250.00-300.00	\$150.00-200.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	AUG 12 - 18	PREVIOUS YEAR
SLAUGHTER COWS	\$ 32.00- 43.50	\$ 33.00- 40.00

W E S T

U.S. milk production in the 20 states surveyed totaled 11.6 billion pounds in July, 2.3% higher than July 1998. Production was higher in 10 states, lower in 10. June 1999 production was revised lower to 2.8% above 1998 levels. Cow numbers in July were 7.736 million head, up 27,000 (+0.4%) from a year ago. Milk per cow was 1.9% higher. July output in the five Western states surveyed compared to 1998 is: Arizona, +8.4%; California, +8.4%; Idaho, +11.6%; New Mexico, +5.9%; and Washington, +4.6%. Milk production in the Southwest remains seasonally good. California continues to receive good weather in most milk producing areas and cows are responding. Plants contacts are reporting that milk receipts are more than 10% higher than a year ago levels and some are noting volumes nearly as high as during the flush. Milk is being moved around the state to find processing capacity. Plants are generally full. Transportation is an issue as finding tankers to haul milk is more of a hassle. Production in Arizona is rebounding seasonally as temperatures are relatively cooler than normal and humidity is lower. Levels remain above a year ago marks. In New Mexico, milk is often steady to trending lower at levels above last year. Milk per cow output is lower than last year, but total milk is higher because of additional cows in the state. Milk is being shipped to the Southeast to fill local needs. Production in the Northwest is steady to slightly higher. Weather conditions remain good for milk production. Plants are running at capacity. Milk production in Utah, Idaho, and the Mountain States, continues to run ahead of last year and benefit from good weather and affordable feed supplies. Production plants are running at higher levels to process milk. Shipments to milk deficit areas continue and prices are good. Across the Western region, milk cow and heifer prices remain high and are increasing. Hay prices are steady for top quality hay, steady to lower for lesser quality. Buying interest is lighter than in recent weeks as buyers assess needs and wait for market indications. Grain prices have moved higher and lower in recent weeks. Some buyers are waiting for price drops to contract more feed. Cream supplies in the West are generally light to adequate. Demand is still good from ice cream producers, despite higher class prices in California. Butter makers are willing to move cream instead of churning in a weak butter market.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 08/19/99 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are unchanged to higher as the market continues to firm. Demand has increased from candy, baking, and cheese operations. As milk supplies rebound in the cooler weather, some dryers are picking up volumes normally not run at this time. Inventories are dropping as some plants shut down for the season. High heat and Grade A product are in the tightest position trading 2-3 cents above the average. Some buyers find it hard to believe that prices are firming while shipments to the government continue.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: .10200 - .10600 MOSTLY: .10300 - .10400

DRY BUTTERMILK - CENTRAL

Prices are unchanged to higher on a steady to firm market. Fresh product is hard to find and more aged product is beginning to appear. Aged product can often be purchased at a competitive price with fresh. Because inventories are light, the slow to fair demand is encouraging higher prices. Many producers are out of the market until butter prices improve and buttermilk inventories clear. Condensed product is tight as ice cream demand continues.

BUTTERMILK: .7200 - .8100

DRY WHEY - CENTRAL

Prices are higher on a generally firm market. Producer stocks are range from available to sold out. Demand is good with the brand specific product clearing the best. Traders that have been resistant to higher prices are now showing signs of entering the market. Food buyers are not seeing any difficulty in obtaining product and do not understand the momentum toward higher prices. Buyers purchasing Extra Grade for feed are picking up extra loads in order to save money as prices continue to rise. Production is dropping at some plants as milk is diverted to bottling for schools and cheese plants operate at less than capacity. Offerings are more than adequate to buyers comfortable with current stocks. High acid and Grade A whey is very difficult to find.

NONHYGROSCOPIC: .1850 - .2125 MOSTLY: .1925 - .2000

ANIMAL FEED WHEY - CENTRAL

Prices are higher on milk replacer and roller ground and unchanged on the balance. The market tone is mostly steady. Prices seem to be moving higher with the edible market. Demand is no better than fair with some increased activity as buyers replenish depleted stocks. Hog prices are generally trending lower. The market undertone for veal is steady to firm. Year to date calf slaughter in the U.S. is down 13.2% while hog slaughter is up 1.4% compared to the same period last year.

MILK REPLACER: .1500 - .1875
STANDARD: TFEWR
ROLLER GROUND: .1775 - .2025
DELACTOSE (Min. 20% protein): .2600 - .3150

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a firm market. Some producers remain sold out and are unable to provide spot pricing. Movement is best into confectionary items. Feed grade product is being traded just below the range. Some feed buyers are beginning to switch to permeate as the market is becoming too expensive. Export markets are also beginning to feel a pull from competitively priced European lactose. Higher mesh sizes and Grade A product are in the tightest position. Production is steady and offerings are adequate.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1800 - .2300 MOSTLY: .1850 - .1900

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged on a steady to weak market. Discounting is less noted and offer prices are up compared to last week. While Western inventories are dropping, supplies on the West Coast are still heavy. Movement continues best in the Midwest as some producers are sold out or able to attain prices at the higher end of the range. Some product is clearing into Mexican and Canadian markets. A few resellers are holding inventories in anticipation of a better market. Off grade and condensed product is clearing well into the feed industry. It is being reported that off grade is also being imported from Canada. Production is generally steady.

EXTRA GRADE 34% PROTEIN: .4000 - .4700 MOSTLY: .4300 - .4600

NONFAT DRY MILK - WEST

Nonfat dry milk prices continue to trend higher for both the low/medium heat and high heat series. Demand is increasing from more users this week. There remains a good call for NDM from cheese makers and from buyers in other regions. Producers are asking for and receiving higher prices. Production is mixed, but generally above expectations. Milk is moving into cheese plants to maximize returns, especially as the butter price drops. Offerings to the government support program continue, but some contacts expect offerings to decline in coming weeks. Demand for high heat NDM is also good. Supplies and interest are in close balance. During the week of August 9 - 13, CCC net purchases were 2.7 million pounds of nonfortified and 0.3 million pounds of fortified NDM, all from the West.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0000 - 1.0350 MOSTLY: 1.0100 - 1.0200
HIGH HEAT: 1.0300 - 1.0550

DRY BUTTERMILK - WEST

Prices continue to trend higher and the market tone is firmer. Offerings are tighter as inventories are not being rebuilt. Production levels are generally limited in the region, reflecting lower churning schedules and good sales of condensed buttermilk. Demand for dry buttermilk is mainly light, but suppliers have lower stocks.

BUTTERMILK: .7000 - .7600 MOSTLY: .7100 - .7500

DRY WHEY - WEST

Western whey prices are fully steady. The market tone is more unsettled. In spite of the increase in the spread between the Central prices, demand is not as aggressive in the West. Export sales are slower for new orders. Higher prices are meeting resistance from buyers. Offerings from European countries are being quoted at more competitive levels. In the Western region, whey output is seasonally stronger than anticipated. Western stocks are varied between suppliers and range from short of full needs to long.

NONHYGROSCOPIC: .1725 - .1950 MOSTLY: .1725 - .1775

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	POUNDS
August 13	\$1.0076	15,101,979
August 6	\$1.0075	13,345,952

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are mostly steady, but recent price increases seem to have improved demand and some Eastern producers are thinking that maybe more price increases are in the offing. Milk supplies were not as tight this week as Southeastern buyers over ordered for early-week deliveries and then canceled quite a few loads as their orders were filled. These canceled loads allowed some suppliers to move condensed skim or dry more powder. Some producers are trying to replenish their inventories as best they can before their milk supplies are tightened by Northeastern schools reopening. Many producers have stopped making large-volume deals only to find that demand remains good. It seems that some traders and/or exporters might be taking short term positions in case production drops and prices move higher. With Class III condensed skim prices so high, most users are switching back to NDM.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0200 - 1.0600 MOSTLY: 1.0300 - 1.0400
HIGH HEAT: 1.0600 - 1.1100 MOSTLY: 1.0600 - 1.0900

DELVD SOUTHEAST:

ALL HEATS: 1.0700 - 1.1300

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are higher, but nominal. The market tone is firm as supplies of dry buttermilk are tight. Few spot sales are occurring and more traders and users are looking to other regions to see if stocks are available. Production levels are light as churning activity is limited and sales of condensed buttermilk remains good. Demand is steady to improved, but most of the market strength is coming from the supply side of the market.

F.O.B. NORTHEAST: .7500 - .8000
DELVD SOUTHEAST: .7500 - .8150

DRY WHOLE MILK - NATIONAL

Prices are steady to slightly higher and the market tone is unchanged. Production levels are light to moderate and generally geared toward filling orders. Demand is fair and mostly contractual. Reports indicate that some imported whole milk powder is being moved below the bottom of our range.

F.O.B. PRODUCING PLANT: 1.3300 - 1.6000

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1999 THROUGH August 13, 1999
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	24,606	MT (54,246,387 LBS)
CHANGE	--	5,575	MT (12,290,645 LBS)
WHOLE MILK POWDER	--	8	MT (17,639 LBS)
CHEESE	--	225	MT (496,035 LBS)
BUTTERFAT	--	0	MT

Allocations for the DEIP year beginning July 1, 1999, are: Nonfat dry milk - 76,207 MT; Whole Milk Powder - 2,518 MT; Cheese - 3,190 MT; Butterfat - 25,475 MT.

These DEIP allocations are in addition to balances still available from quantities announced on May 13, 1999; 25,177 MT of Nonfat Dry Milk (to be filled in roughly equal quarterly amounts during the GATT-year beginning July 1, 1999), 7,500 MT of dry whole milk, and 1,270 MT of cheese.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are steady to higher with Grade A prices nominal. The market tone is firm. Demand for dry whey is fair to good for domestic and export sales. New export sales, particularly if priced at or above the upper end of the range, are often meeting price resistance as reports indicate that European whey is available at competitive prices. Domestic demand is just fair. There is also price resistance to spot prices. Many buyers are under contract and have little interest in spot purchases. Grade A whey remains very tight and Extra Grade stocks range from light to adequate. Because of the tight supply, few spot sales of Grade A whey are occurring. Some Eastern producers are sold out for the next several weeks. Production is steady to lighter as surplus milk supplies tighten along seasonal patterns.

F.O.B. NORTHEAST:	EXTRA GRADE	.1925 - .2050
	USPH GRADE A	.2300 - .2600
DELVD SOUTHEAST:		.2275 - .2325

ANIMAL FEED WHEY - NORTHEAST

Prices are still too few to report. Traders continue to report an overall slow animal feed market. Spot sales are scattered and supplies to fill those needs are readily available. Production of "off quality" dry whey is lighter now that the weather has moderated in most of the Northeast.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

EVAPORATED MILK - NATIONAL

Prices are unchanged to higher. Some producers have increased their list prices and nearly all deals/incentives have been eliminated. Most contacts predict sharply higher milk prices in the next several months which predicated the above actions. Buyers, also aware of possible price increases, are showing more interest in purchasing fall/winter needs. Some buy-ins are occurring as buyers try to beat price increases. Production levels are moderate to heavy, heaviest in the West where milk supplies are more abundant. The Kansas City Commodity office announced the issuance of EVD-1, invitations 590 inviting competitive offers to sell to CCC 1,395,360 pounds of evaporated milk for delivery in October 1999.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$23.62 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Despite higher prices, the casein market tone remains weak for both rennet and acid. Lower priced offerings noted last week are not being reported this week. Stocks of both rennet and acid are reported to be readily available on a contracted and spot basis. European stocks are expected to be fully available during the upcoming winter months with New Zealand just getting started with their new milk production season.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	1.7500 - 1.9000
ACID:	1.7800 - 1.9000

COFFEE, SUGAR & COCOA EXCHANGE (A subsidiary of the NEW YORK BOARD OF TRADE) AND CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	08/04	08/05	08/06	08/09	08/10	08/11	08/12	08/13	08/16	08/17
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CSCE/NYBT - BFP -- Dollars per cwt.

JUL 99	13.55 (142) 0									
AUG 99	16.13 (205) 0	16.25 (205) 2	16.30 (205) 1	16.10 (220) 1	16.18 (246) 5	16.16 (205) 1	16.18 (205) 3	16.18 (205) 0	16.18 (205) 0	16.15 (205) 0
SEP 99	16.95 (253) 13	17.18 (258) 18	17.35 (267) 15	17.40 (268) 5	17.55 (273) 15	17.58 (282) 21	17.60 (289) 15	17.75 (290) 10	17.75 (295) 8	17.60 (296) 4
OCT 99	16.83 (228) 23	17.00 (235) 9	17.30 (241) 12	17.40 (245) 8	17.47 (250) 7	17.60 (266) 20	17.60 (266) 23	17.70 (274) 25	17.65 (279) 18	17.40 (281) 9
NOV 99	15.61 (143) 5	15.90 (149) 9	16.40 (151) 14	16.73 (150) 11	16.77 (151) 7	16.75 (154) 7	16.70 (154) 1	16.48 (156) 10	16.20 (157) 3	15.78 (158) 11
DEC 99	14.70 (102) 3	14.98 (102) 6	15.45 (103) 4	15.70 (108) 17	15.90 (112) 11	15.85 (112) 1	15.83 (115) 13	15.30 (116) 3	15.00 (119) 9	14.63 (120) 6
JAN 00	13.14 (30) 0	13.35 (31) 1	13.60 (32) 1	14.08 (31) 5	14.18 (32) 1	14.05 (32) 1	13.90 (33) 1	13.80 (33) 2	13.45 (36) 7	13.15 (37) 1
FEB 00	12.48 (9) 0	12.80 (10) 1	12.90 (12) 2	13.00 (13) 2	13.05 (13) 1	12.90 (13) 0	12.80 (14) 1	12.65 (14) 0	12.40 (15) 1	12.30 (17) 2
MAR 00	12.06 (2) 0	12.05 (2) 0	12.35 (4) 2	12.35 (4) 0	12.35 (4) 0	12.35 (6) 2	12.25 (6) 1	12.20 (6) 0	12.10 (6) 0	12.10 (6) 0
APR 00	11.75 (0) 0	11.75 (0) 0	12.00 (0) 0	11.90 (0) 0	11.80 (0) 0	11.75 (0) 0	11.70 (1) 1	11.65 (1) 0	11.50 (1) 0	11.50 (1) 0

CME - BUTTER -- Cents per pound

SEP 99	146.675 (266) 11	146.475 (264) 6	145.975 (264) 0	145.00 (264) 0	140.00 (264) 0	140.00 (263) 3	138.975 (263) 1	135.00 (264) 4	130.00 (264) 1	130.00 (264) 0
OCT 99	148.50 (124) 2	148.475 (124) 0	146.00 (124) 0	146.00 (124) 0	142.00 (124) 0	141.975 (124) 0	141.00 (124) 0	137.50 (124) 0	132.50 (124) 0	132.50 (124) 0
FEB 00	130.00 (1) 0	130.00 (1) 0	130.00 (1) 0	130.00 (1) 0	130.00 (1) 0	130.00 (1) 0	130.00 (1) 0	130.00 (1) 0	130.00 (1) 0	125.00 (1) 0
MAR 00	130.00 (1) 0	130.00 (1) 0	130.00 (1) 0	130.00 (1) 0	130.00 (1) 0	130.00 (1) 0	130.00 (1) 0	130.00 (1) 0	130.00 (1) 0	125.00 (1) 0

CME - BFP -- Dollars per cwt.

JUL 99	13.64 (723) 17									
AUG 99	16.20 (899) 32	16.25 (916) 39	16.25 (922) 16	16.10 (911) 26	16.17 (921) 39	16.15 (926) 22	16.19 (929) 28	16.17 (936) 12	16.15 (943) 29	16.08 (947) 8
SEP 99	17.00 (1028) 58	17.18 (1027) 26	17.37 (1045) 40	17.40 (1054) 50	17.63 (1121) 103	17.60 (1145) 29	17.70 (1171) 48	17.75 (1208) 53	17.80 (1248) 62	17.65 (1285) 48
OCT 99	16.84 (950) 32	17.00 (952) 48	17.24 (961) 42	17.45 (945) 46	17.54 (983) 68	17.61 (997) 37	17.62 (992) 42	17.69 (1031) 59	17.60 (1069) 71	17.40 (1108) 75
NOV 99	15.65 (688) 52	16.00 (691) 25	16.40 (703) 36	16.75 (707) 54	16.76 (736) 45	16.79 (758) 41	16.65 (795) 64	16.53 (820) 61	16.20 (840) 67	15.80 (974) 92
DEC 99	14.75 (440) 17	14.96 (484) 76	15.33 (489) 30	15.65 (504) 53	15.90 (515) 32	15.86 (537) 40	15.80 (561) 42	15.42 (580) 35	14.95 (615) 79	14.60 (657) 83
JAN 00	13.15 (145) 5	13.35 (151) 14	13.69 (155) 11	14.05 (173) 25	14.20 (176) 9	14.05 (185) 13	13.83 (190) 7	13.70 (199) 15	13.50 (221) 29	13.10 (240) 21
FEB 00	12.57 (77) 5	12.60 (78) 1	12.85 (85) 11	13.05 (85) 4	13.00 (88) 4	12.70 (96) 11	12.79 (99) 3	12.59 (101) 2	12.47 (114) 13	12.40 (133) 20
MAR 00	12.20 (56) 45	12.20 (56) 8	12.37 (60) 5	12.37 (60) 0	12.31 (61) 2	12.31 (61) 0	12.35 (67) 6	12.21 (69) 2	12.21 (75) 6	12.10 (84) 9
APR 00	11.75 (13) 0	11.75 (13) 0	11.95 (17) 7	11.90 (17) 0	11.89 (17) 0	11.75 (17) 0	11.80 (27) 18	11.75 (28) 3	11.75 (29) 1	11.60 (40) 18
MAY 00	11.75 (4) 0	11.75 (4) 0	11.95 (6) 3	11.40 (7) 2	11.40 (7) 0	11.40 (7) 0	11.75 (8) 3	11.75 (8) 0	11.74 (14) 6	11.55 (25) 23

CME - CHEDDAR CHEESE -- Cents per pound

DEC 99					155.00 (1) 1	157.50 (1) 1	159.00 (1) 0	159.00 (1) 0	159.00 (1) 0	159.00 (1) 0
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1/ At the CSCE/NYBT Open interest for BFP -- 100,000 pounds per contract. At the CME Open interest for BFP -- 200,000 pounds per contract.

For more detailed information, you may call our automated voice system at 608-224-5088 or the CSCE's Soft Fax at 212-742-6111.

NOTE: The CME started futures trading for dry whey and nonfat dry milk (NDM) on November 16, 1998. Up to this point, there have been no settling prices recorded for either product.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered August 9 - 20, 1999

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: Milk production in Western Europe continues to decline seasonally. Recent hot temperatures, that have now moderated, spurred the production decline. Reports indicate that overall milk output is lower when compared to last year at this time. Offerings of surplus skim milk powder to intervention have slowed. Skim milk powder intervention will close by month's end and reports indicate that the 109,000 mt maximum levels will not be attained by over 20,000 mt. Offerings of butter to PSA ended August 15, thus limited volumes of early PSA offered butter are available for potential needs. The most significant trading activity reported out of Europe is from Russia. Some cheese and butter has been committed to this buyer interest. Traders are still unsure as to the total volume and duration of this interest, but are presently willing to work with potential buyers. Other sales activity continues to center around domestic or internal needs, with minimal new international sales occurring.

BUTTER/BUTTEROIL: Butter markets are generally steady. Overall sales activity has been slow, but recent buyer interest from Russia has been filled from European sources. Butter production is declining seasonally as milk production also edges lower. Offerings to PSA have now ended with the August 15 closing of the open season. Offerings were light in the early stages of PSA open season which are limiting available offerings out of the storage program at this time.

82% BUTTERFAT:	1,235 - 1,600
99% BUTTERFAT:	1,575 - 1,710

SKIM MILK POWDER (SMP): The market tone for skim milk powder is steady with prices unchanged. The recent firmness in prices has had little impact on already slow sales. Some scattered improved sales activity has been reported, but not significant enough to encourage a brighter future. Stocks of powder are fully sufficient for current and projected needs. Offerings to intervention continue, although they have slowed. Intervention comes to a close as of August 31 and reports indicate that the maximum level of 109,000 mt will not be reached. For the most part, contacts feel that about 70 - 75% of the total will have been offered.

1.25% BUTTERFAT:	1,300 - 1,360
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WHOLE MILK POWDER (WMP): Whole milk powder markets are steady at unchanged prices. Trading activity is slow and unaggressive with minimal new buyer interest being reported. Stocks are in close balance with current demand, as most powder is generated once an order has been placed. Reports indicate that whole milk powder production during the current production year is behind last year by as much as 5%.

26% BUTTERFAT:	1,425 - 1,580
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SWEET WHEY POWDER: European whey powder markets are generally steady at unchanged prices. Cheese production is lighter as milk production declines seasonally. A recent improved demand on semi-hard cheese lowered stock levels which in turn caused a slight improvement in cheese and whey production. Overall whey demand is seasonally fair at best with most trading activity centering around ongoing demand.

NONHYGROSCOPIC:	460 - 575
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OVERVIEW: EASTERN EUROPE: Milk production continues to edge lower. Reports indicate that production in some Eastern European countries is down as much as 4% when compared to last season. Drier than usual conditions are being mentioned as one of the factors for lower receipts. Inventories of manufactured dairy products are reported to be in sufficient supply to maintain ongoing buyer potential. Recent buyer interest from Russia has spurred some sales activity of butterfat and cheese.

OCEANIA

OVERVIEW: Oceania milk producers and handlers are preparing for the upcoming milk production season. In New Zealand, cows are starting to freshen while in Australia, the season is not quite there yet. Although it is still very early in New Zealand's production year, milk handlers are optimistic about the upcoming production season. Most feel that conditions will hopefully provide for milk output to improve from last year's negative situation. Australian handlers and producers are equally optimistic and are looking forward to another positive year. Stocks of manufactured dairy products continue to dwindle. Outside of butter which is most available, Oceania dairy product inventories are reported to be in close balance and fully committed. For the most part, dairy product handlers are comfortable with current stock levels as the new production year begins. Some recent sales of butter have occurred, but most traders do not anticipate this activity to develop into any significant, ongoing sales. Current international buying interest is slow and unaggressive, but Oceania traders are looking forward to the upcoming production season and sales period with positive anticipation.

BUTTER: Oceania butter markets are generally steady. Of all Oceania manufactured dairy products, butter is in the longest position. Ongoing sales continue to be filled from inventoried stocks with addition volumes available should additional buyer interest develop. Very recent buyer interest from Russia has occurred and some butter is being committed. Traders are still questioned if this demand will continue and to what extent will it develop if it should continue.

82% BUTTERFAT:	1,150 - 1,250
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CHEDDAR CHEESE: Oceania cheese markets are generally steady with prices unchanged to slightly lower. Stocks are reported to be in balance for ongoing and projected sales activity. Most traders are comfortable with year-end inventories as the new milk production season begins. Traders project sales during the next few months to be much the same as they have been during the past. No significant new sales potential is developing at this time. Some Russian buyers are fielding inquiries about availability during their upcoming winter season.

39% MAXIMUM MOISTURE:	1,650 - 1,750
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SKIM MILK POWDER (SMP): Skim milk powder markets are basically steady, although prices are slightly higher. Oceania skim powder stocks are low, but sufficient for current needs as the start of the new production season nears. Buying interest continues to center around ongoing sales to regular customers. No significant new sales activity is being reported or is anticipated in the near future.

1.25% BUTTERFAT:	1,200 - 1,300
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WHOLE MILK POWDER (WMP): Whole milk powder markets are generally steady at unchanged prices. Trading activity that is occurring is being filled with inventoried stocks. For the most part, inventories are reported to be low but comfortable for projected near term needs. Traders report inventories are such that the new milk production season is coming on line just at the right time. Sales activity to regular customers continues.

26% BUTTERFAT:	1,400 - 1,500
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Exchange rates for selected foreign currencies: August 16, 1999

.4799 Dutch Guilder	.5407 German Mark
.1612 French Franc	.5270 New Zealand Dollar
.1070 Mexican Peso	.6496 Australian Dollar
1.6013 British Pound	.0087 Japanese Yen
.2532 Polish Zloty	1.0576 Euro

To compare the value of 1 US Dollar to Mexican Pesos: $(1/.1070) = 9.3457$. That is 1 US Dollar equals 9.3457 Mexican Pesos.
Source: "Wall Street Journal"

MILK SUPPLY AND DEMAND ESTIMATES*

Demand for dairy products remains strong. The demand for milkfat has resulted in higher than anticipated milk prices and milk price forecasts are raised. Total supply and use estimates are little changed, but stock levels are raised based on recent reports by the National Agricultural Statistics Service.

U.S. MILK SUPPLY, USE AND PRICES

Item	1997/98 <u>1/</u>	1998/99 Projection <u>1/</u>		1999/00 Projection <u>1/</u>	
		July	August	July	August
SUPPLY	BILLION POUNDS				
BEGINNING COMMERCIAL STOCKS <u>2/</u> <u>23/</u>	5.9	5.8	5.8	6.8	6.9
PRODUCTION	156.5	161.1	161.3	165.0	164.9
FARM USE	1.4	1.3	1.3	1.3	1.3
MARKETINGS	155.2	159.8	160.0	163.8	163.6
IMPORTS <u>2/</u>	4.0	4.3	4.3	3.5	3.5
TOTAL COMMERCIAL SUPPLY <u>2/</u>	165.1	169.9	170.0	174.1	174.0
USE					
COMMERCIAL USE <u>2/</u> <u>3/</u>	158.6	162.7	162.9	167.6	166.5
ENDING COMMERCIAL STOCKS <u>2/</u>	5.8	6.8	6.9	5.6	6.6
CCC NET REMOVALS:					
MILKFAT BASIS <u>4/</u>	0.7	0.3	0.3	0.9	0.9
SKIM SOLIDS BASIS <u>4/</u>	4.5	5.8	5.4	2.9	2.7
DOLLARS PER CWT.					
PRICES RECEIVED BY FARMERS <u>5/</u>					
BASIC FORMULA (BFP)	13.28	13.40-13.60	14.05-14.15	11.15-12.15	11.40-12.30
ALL MILK <u>6/</u>	14.60	15.05-15.25	15.45-15.55	12.70-13.70	13.20-14.10
MILLION POUNDS					
CCC PRODUCT NET REMOVALS <u>4/</u>					
BUTTER	21	5	1	35	35
CHEESE	8	7	7	6	6
NONFAT DRY MILK	368	485	455	240	225
MILK PRODUCTION	QUARTERLY <u>7/</u>			ANNUAL <u>7/</u>	
	1999 III	1999 IV	2000 I	1999	2000
	BILLION POUNDS				
	39.8	39.9	41.7	162.2	165.4
	DOLLARS PER CWT.				
ALL MILK PRICE <u>5/</u> <u>6/</u>	15.15-15.45	15.65-16.25	12.90-13.80	14.90-15.10	12.80-13.80
BASIC FORMULA PRICE <u>5/</u>	15.25-15.55	13.00-13.60	10.80-11.80	13.10-13.30	11.35-12.35

NOTE: Totals may not add due to rounding. 1/ Marketing year beginning October 1. 2/ Milk equivalent, milkfat basis. 3/ Includes commercial exports. 4/ Includes products exported under Dairy Export Incentive Program. 5/ Projections indicate a range of the average for the quarter or year. 6/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 7/ Calendar year basis projection.

* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairman, WAOB; Arthur Coffing, FAS; and James Miller, ERS.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-353, World Agricultural Outlook Board, USDA, August 12, 1999.

JULY MILK PRODUCTION

Milk production in the 20 major states during July totaled 11.6 billion pounds, 2.3 percent above production in these same states in July 1998.

July milk production was 1.2 percent below June 1999, compared to a decrease of 0.7 percent for the same period in 1998. June revised production, at 11.7 billion pounds was 2.8 percent above June 1998.

Production per cow in the 20 major states averaged 1,496 pounds for July, 28 pounds above July 1998.

The number of cows on farms in the 20 major states was 7.74 million head, up 27,000 head from July 1998 and up 6,000 from June 1999.

JULY 1999 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS 1/		MILK PER COW 2/		MILK PRODUCTION 2/		
	1998	1999	1998	1999	1998	1999	% CHANGE FROM 1998
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	132	135	1,530	1,620	202	219	8.4
CA	1,421	1,468	1,625	1,705	2,309	2,503	8.4
FL	159	159	1,140	1,220	181	194	7.2
ID	294	319	1,700	1,750	500	558	11.6
IL	127	122	1,320	1,310	168	160	-4.8
IN	136	136	1,350	1,360	184	185	0.5
IA	222	215	1,425	1,430	316	307	-2.8
KY	141	132	980	985	138	130	-5.8
MI	305	292	1,540	1,540	470	450	-4.3
MN	550	545	1,400	1,435	770	782	1.6
MO	170	159	1,105	1,055	188	168	-10.6
NM	217	235	1,730	1,690	375	397	5.9
NY	700	702	1,450	1,470	1,015	1,032	1.7
OH	264	260	1,350	1,340	356	348	-2.2
PA	623	614	1,460	1,470	910	903	-0.8
TX	350	346	1,215	1,225	425	424	-0.2
VT	161	162	1,430	1,450	230	235	2.2
VA	124	119	1,185	1,200	147	143	-2.7
WA	247	248	1,845	1,925	456	477	4.6
WI	1,366	1,368	1,445	1,430	1,974	1,956	-0.9
20 STATE TOTAL	7,709	7,736	1,468	1,496	11,314	11,571	2.3

1/ Includes dry cows. Excludes heifers not yet fresh.

2/ Excludes milk sucked by calves.

SOURCE: "Milk Production," Da 1-1 (8-99), Agricultural Statistics Board, National Agricultural Statistics Service, U.S. Department of Agriculture.

U.S. IMPORTS AND EXPORTS OF DAIRY PRODUCTS, 1998 ANNUAL, JANUARY-MAY 1998-1999

COMMODITY SUMMARY OF U.S. IMPORTS OF DAIRY PRODUCTS 1/

Commodity	Quantity (in Metric Tons)			Value (In \$1,000)		
	Jan.-Dec. 1998	Jan.-May 1998	Jan.-May 1999	Jan.-Dec. 1998	Jan.-May 1998	Jan.-May 1999
Milk and Cream 2/	12,950	3,609	9,144	13,264	3,463	8,505
Other Fluid Products 2/ 3/	1,548	916	83	8,936	3,410	7,034
Dried Dairy Products	15,646	6,266	6,607	20,819	9,150	8,078
Cheese, Quota	121,354	35,917	52,197	429,781	128,343	179,941
Cheese, Nonquota	44,872	15,427	19,286	199,592	69,922	85,812
Butter	31,919	4,249	6,540	61,332	8,580	13,080
Casein	70,394	24,933	25,247	295,579	108,242	92,772
Milk Protein Concentrate	39,848	14,462	18,251	137,170	51,353	51,762
Other, Dairy Products	30,694	10,396	17,446	72,888	24,410	35,970
Total 4/	---	---	---	1,239,361	406,873	482,954

1/ Data may differ from U.S. Customs Service data, which is used to administer dairy import quotas. Differences are due to transshipments, errors in classification, and processing lags. 2/ Quantity shown in kiloliters. 3/ Includes ice cream and yogurt. 4/ Total volume not shown due to the use of mixed units.

COMMODITY SUMMARY OF U.S. EXPORTS OF DAIRY PRODUCTS

Commodity	Quantity (in Metric Tons) 1/			Value (In \$1,000)		
	Jan.-Dec. 1998	Jan.-May 1998	Jan.-May 1999	Jan.-Dec. 1998	Jan.-May 1998	Jan.-May 1999
Butter & Milkfat	8,951	7,546	1,846	14,221	11,794	2,315
Cheese & Curd	36,848	15,600	14,347	116,982	47,320	48,023
Casein	6,455	2,518	2,433	24,862	8,270	11,994
Dry Whole Milk & Cream	51,294	14,433	3,704	72,340	20,885	3,670
Condensed & Evaporated Milk	8,026	4,327	1,572	7,326	4,184	1,660
Nonfat Dry Milk	72,916	37,165	40,232	120,601	63,647	55,712
Ice Cream	38,206	19,484	17,593	82,167	40,034	35,953
Whey	---	---	---	119,728	51,028	48,764
Yogurt & Other Fermented Milk	---	---	---	7,024	2,900	2,980
Other Dairy Products	---	---	---	292,642	124,829	130,529
Total 1/	---	---	---	857,893	374,891	341,600
Fluid Milk & Cream 2/	32,352	16,692	6,564	26,625	13,509	5,855
Total Milk & Products 1/	---	---	---	884,518	388,400	347,455

1/ Volume information for whey, yogurt and other fermented milk, other dairy products, and total milk and products is not available as these commodities are reported in mixed units. 2/ Quantity shown in kiloliters.

SOURCE: "Foreign Agriculture Circular: Dairy, Livestock, and Poultry: U.S. Trade and Prospects", FDLP 7-99, July 1999, U.S. Department of Agriculture, Foreign Agricultural Service, Washington, DC. Data provided by U.S. Department of Commerce, Bureau of the Census. For further information, contact Arthur Coffing at (202) 720-3761.

JUNE FLUID MILK SALES HIGHLIGHTS

During June, sales of fluid milk products in comparable Federal milk order marketing areas and California were 0.6 percent above the previous year and 0.1 percent above May 1999 on an adjusted daily average basis. Sales of whole milk products were 1.4 percent above the previous year; sales of fat-reduced milk products were unchanged from the previous year. Total fluid milk sales were higher in the Southeastern, Southwest, and Far West regions and lower in the Northeast and Midwest regions. Total fluid milk sales for the first half of 1999 were 0.9 percent higher than the same period last year.

SUMMARY OF PACKAGED SALES OF WHOLE MILK PRODUCTS, FAT-REDUCED MILK PRODUCTS, AND TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDER MARKETING AREAS AND CALIFORNIA, GROUPED BY REGION, JUNE 1999 WITH COMPARISONS 1/

Region 4/	Whole Milk Products 2/				Fat-reduced Milk Products 3/				Total Fluid Products			
	Sales		Change from:		Sales		Change from:		Sales		Change from:	
	June	Year to date	Prev. year 5/	Year to date 5/	June	Year to date	Prev. year 5/	Year to date 5/	June	Year to date	Prev. year 5/	Year to date 5/
	Mil. lbs.		Percent		Mil. lbs.		Percent		Mil. lbs.		Percent	
Northeast	320	2,007	-2.3	-0.8	430	2,708	0	0.4	750	4,715	-0.9	-0.1
Southeastern	334	2,030	3.8	3.5	397	2,633	0	0	731	4,663	1.7	1.5
Midwest	249	1,538	1.0	2.9	813	5,370	-1.1	0.9	1,062	6,908	-0.5	1.3
Southwest	173	1,021	5.0	3.0	185	1,233	1.9	1.4	358	2,254	3.4	2.1
Far West	330	1,983	1.3	0.9	640	4,029	0.9	0.3	970	6,012	1.1	0.5
All Areas Combined	1,406	8,579	1.4	1.7	2,465	15,973	0	0.5	3,871	24,551	0.6	0.9

1/ These figures are representative of the consumption of fluid milk products in comparable Federal milk order marketing areas and California, and represents approximately 89 percent of total fluid milk sales in the U.S. 2/ Whole milk products include plain, flavored, and miscellaneous whole milk products. 3/ Fat-reduced milk products include plain, solids added, flavored, and miscellaneous reduced fat, low fat, and fat-free products, and buttermilk. 4/ For the marketing areas included in each region, see DMN Vol. 66, report #15. Midwest excludes Nebraska-Western Iowa. Far West includes California. 5/ Monthly and year-to-date percent changes are based on sales figures adjusted for calendar composition.

PACKAGED SALES OF INDIVIDUAL WHOLE MILK PRODUCTS AND FAT-REDUCED MILK PRODUCTS IN ALL MARKETING AREAS DEFINED BY FEDERAL MILK ORDERS AND CALIFORNIA, MAY 1999, WITH COMPARISONS 1/

Product Name	Sales	Change from:	
		Previous Year	Year to Date
	Mil.lbs	Percent	
Whole Milk 2/	1,436	3.0	1.8
Reduced Fat Milk (2%)	1,275	1.3	0.8
Low Fat Milk (1%) 3/	658	4.1	2.2
Fat-Free Milk (Skim)	678	-1.8	-1.2
Buttermilk	46	-3.9	-3.1
Total Fluid Milk Products 4/	4,107	1.7	1.0

1/ These sales volumes and percent changes include preliminary data for the New York-New Jersey milk order marketing area and the California State milk order. However, data for the Nebraska-Western Iowa market, which is a non-comparable market, are excluded. Monthly and year-to-date percent changes are based on sales figures adjusted for calendar composition.

2/ Includes flavored whole milk. 3/ Includes flavored fat-reduced milk.

4/ Includes miscellaneous products.

FEDERAL MILK ORDER PRICE AND POOL HIGHLIGHTS

FEDERAL MILK ORDER MARKET SUMMARY FOR JULY 1999. During July, about 6.6 billion pounds of milk were marketed under Federal orders. (Significant volumes of milk that normally would have been pooled under Federal milk orders were not pooled in July 1999 and 1998.) Producer deliveries were about 2.1 percent less than July 1998, and about 32.3 percent less than June 1999 on a daily average basis. Milk utilized in Class I products in July was 0.2 percent more than last year on an adjusted basis. Class I use this year represented 56 percent of producer milk deliveries compared to 55 percent in July 1998. The average blend price was \$13.39 per cwt., \$0.10 less than last year. Changes in class prices from year-earlier levels were as follows: Class I, up \$0.38; Class II, up \$0.38, Class III, down \$1.18; and Class III-A, down \$3.23.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF JULY 1999										
FEDERAL MILK ORDER MARKETING AREAS <u>1/</u>	ORDER NO.	RECEIPTS AND UTILIZATION						PRICE AND BUTTERFAT DIFF.		
		RECEIPTS FROM PRODUCERS		RECEIPTS USED IN CLASS I		PERCENT USED IN CLASS I		BLEND PRICE <u>2/</u>		BUTTER-FAT DIFF. <u>3/</u>
		1999 TOTAL	CHANGE FROM 1998	1999 TOTAL	CHANGE FROM 1998	1999	1998	1999	1998	1999
		MIL. LB	PERCENT	MIL. LB	PERCENT	PERCENT		DOLLARS		CENTS
New England (Boston)	1 <u>4/</u>	522.5	25.5	237.5	7.3	45	53	13.69	13.86	13.4
New York/New Jersey (NY City)	2	966.8	-4.7	377.0	-3.5	39	39	13.93	14.25	13.4
Middle Atlantic (Philadelphia-Baltimore/Washington, D.C.)	4 <u>5/</u>	520.9	-0.3	217.2	-4.2	42	43	13.41	13.50	---
NORTHEAST REGION		2,010.3	2.9	831.7	-0.9	41	43	13.73	13.97	13.4
Carolina (Charlotte)	5	275.8	11.3	215.7	4.1	78	84	13.86	13.56	13.4
Southeast (Atlanta/Birmingham)	7	458.1	4.6	392.2	3.7	86	86	14.10	13.78	13.4
Florida Markets (Tampa/Jacksonville/Tallahassee/Miami)	12 <u>6/</u>	226.0	2.3	205.6	4.0	91	89	14.77	14.31	13.4
SOUTHEASTERN REGION		960.0	5.9	813.5	3.9	85	86	14.19	13.85	13.4
Michigan Upper Peninsula (Marquette)	44 <u>4/ 5/</u>	5.0	2.5	4.4	-5.4	87	95	12.63	12.23	13.4
Southern Michigan (Detroit)	40 <u>4/ 5/</u>	351.3	-5.7	168.6	-1.0	48	46	12.82	13.00	---
E. Ohio/W. PA (Cleveland/Pittsburgh)	36 <u>4/ 5/</u>	216.5	-16.0	149.8	8.7	69	53	13.15	13.33	---
Ohio Valley (Columbus)	33 <u>4/ 5/</u>	219.1	6.9	138.9	4.2	63	65	12.84	12.47	---
Indiana (Indianapolis)	49 <u>4/ 5/</u>	153.8	0.8	92.5	-5.8	60	64	12.71	12.40	---
Chicago Regional	33 <u>4/ 5/</u>	439.9	-19.6	244.8	-0.9	56	45	12.74	12.94	---
Central Illinois (Peoria)	50 <u>4/ 5/</u>	14.0	-11.5	11.9	-7.9	85	82	12.81	12.58	13.4
S. Illinois-E. Missouri (Alton)	32 <u>4/ 5/</u>	122.7	-2.0	81.8	1.5	67	64	12.83	12.42	13.4
Louisville-Lexington-Evansville	46	104.7	-1.2	84.8	-4.4	81	84	13.11	12.83	13.4
Upper Midwest (Minneapolis)	68 <u>4/ 5/</u>	196.3	-7.9	129.1	-0.1	66	61	12.47	12.48	---
Iowa (Des Moines)	79 <u>4/ 5/</u>	90.5	15.5	51.4	5.6	57	62	12.80	12.95	---
Nebraska/W. Iowa (Omaha/Sioux City)	65 <u>4/ 5/</u>	71.0	3.8	46.1	-1.8	65	69	12.56	12.48	---
Greater Kansas City/E. S. Dakota	64 <u>4/ 5/ 7/ 8/</u>	36.1	-12.8	---	---	---	---	13.15	13.26	13.4
MIDWEST REGION	<u>9/</u>	1,984.8	-7.5	1,204.1	0.5	61	56	12.80	12.81	13.4

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF JULY 1999										
FEDERAL MILK ORDER MARKETING AREAS <u>1/</u>	ORDER NO.	RECEIPTS AND UTILIZATION						PRICE AND BUTTERFAT DIFF.		
		RECEIPTS FROM PRODUCERS		RECEIPTS USED IN CLASS I		PERCENT USED IN CLASS I		BLEND PRICE <u>2/</u>		BUTTER-FAT DIFF. <u>3/</u>
		1999 TOTAL	CHANGE FROM 1998	1999 TOTAL	CHANGE FROM 1998	1999	1998	1999	1998	1999
		MIL. LB	PERCENT	MIL. LB	PERCENT	PERCENT		DOLLARS		CENTS
Southwest Plains (Oklahoma City)	106 <u>4/ 5/</u>	194.3	-6.0	117.1	-4.0	60	59	13.60	13.48	13.4
Texas (Dallas)	126 <u>4/ 5/</u>	434.9	11.5	270.4	0.8	62	69	13.57	13.22	13.4
SOUTHWEST REGION		629.3	5.4	387.5	-0.7	62	65	13.58	13.31	13.4
E. Colorado/W. Colorado (Denver)	137 <u>4/ 5/ 8/</u>	95.5	7.6	70.3	2.4	74	77	13.38	13.12	13.4
SW. Idaho/E. Oregon (Boise)	135 <u>4/ 5/</u>	34.1	4.7	15.4	2.2	45	46	12.98	13.08	---
Great Basin (Salt Lake City)	139 <u>5/</u>	107.4	-37.2	76.9	3.3	72	44	12.84	13.42	---
Central Arizona (Phoenix)	131 <u>4/ 5/</u>	204.9	4.9	80.2	-2.2	39	42	13.35	13.99	13.4
New Mexico-West Texas (Albuquerque)	138 <u>4/ 5/</u>	64.9	2.9	49.8	-3.2	77	81	13.39	13.04	13.4
Pacific Northwest (Seattle/Portland)	124 <u>5/</u>	491.0	-13.3	169.5	-1.5	35	30	12.76	14.04	---
FAR WEST REGION		997.8	-10.7	462.1	-0.3	46	42	13.00	13.78	13.4
ALL-MKT. AVERAGE OR TOTAL	<u>9/ 10/</u>	6,582.1	-2.1	3,698.8	0.7	56	55	13.39	13.49	13.4
YEAR-TO-DATE AVG./TOTAL										
Northeast Region		14,410.8	0.6	5,830.3	-0.7	40	41			
Southeastern Region		7,072.7	1.1	5,684.3	1.1	80	80			
Midwest Region		25,450.6	0.7	8,513.8	0.5	33	34			
Southwest Region		5,879.4	8.7	2,735.8	3.1	47	49			
Far West Region		9,588.5	-2.9	3,277.6	0.7	34	33			
ALL MARKET AVERAGE OR TOTAL	<u>9/ 11/</u>	62,402.0	0.8	26,041.8	0.7	42	42	14.15	13.89	----

1/ Names in parentheses are principal cities and pricing points of markets. 2/ Prices are for 100 pounds of milk with a butterfat content of 3.5%. 3/ Amount by which the blend price is adjusted for each .1% that the butterfat content of a producer's milk varies from 3.5%. For example, if the butterfat content of the milk that a producer delivers to a regulated handler located in Boston (New England's market) is 4.0%, then the producer's blend price would be \$14.36. (4.0 minus 3.5 equals .5; 5 times \$.134 equals \$0.670; \$13.69 plus \$0.670 equals \$14.360.) 4/ Due to a disadvantageous pricing situation in May 1998, handlers elected not to pool milk that normally would have been associated with the market. 5/ Due to a disadvantageous pricing situation in May 1999, handlers elected not to pool milk that normally would have been associated with the market. 6/ Pool data are either a summation or weighted average of the Tampa Bay, Upper Florida, and Southeastern Florida marketing areas. The blend prices are for the Tampa Bay market. Blend prices for other markets are: Upper Florida: 1999, \$14.76 1998, \$14.39; and Southeastern Florida: 1999, \$15.33; and 1998, \$14.95. 7/ Class I receipt and utilization data for the Greater Kansas City/Eastern South Dakota area are restricted. 8/ Figures represent a combination of data for the indicated markets except for the producer blend prices which are for the first market listed. Blend prices for other markets are: Eastern South Dakota: 1999, \$12.66; 1998, \$12.43 and Western Colorado: 1999, \$13.19; 1998, \$12.83. 9/ Data for Greater Kansas City/Eastern South Dakota are excluded; some of the data during this period could not be released without revealing individual business operations. See 7/. 10/ The total estimated volume of milk not pooled due to disadvantageous pricing situations was 3.1 billion pounds in July 1999, and 2.7 billion pounds in July 1998. 11/ The total estimated volume of milk not pooled due to disadvantageous pricing situations was 7.3 billion pounds this year, and 6.2 billion pounds last year.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF AUGUST 16 - 20, 1999			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/98	SAME PERIOD LAST YEAR	PERIOD ENDING 08/13/99	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	2,561,606	1,104,323	1,457,283	175,003,615	126,523,083	-0-	-0-
Fortified	-0-	-0-	-0-	2,102,165	-0-	-0-	-0-
TOTAL	2,561,606	1,104,323	1,457,283	177,105,780	126,523,083	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF AUGUST 16 - 20, 1999 =	0.3	17.0	COMPARABLE WEEK IN 1998 =	-1.5	-79.2
CUMULATIVE SINCE OCTOBER 1, 1998 =	39.0	2,061.5	CUMULATIVE SAME PERIOD LAST YEAR =	27.8	1,472.7
CUMULATIVE JANUARY 1 - AUGUST 20, 1999 =	38.9	2,060.3	COMPARABLE CALENDAR YEAR 1998 =	26.1	1,381.3

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF AUGUST 16 - 20, 1999 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MI DWEST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	1,457,283	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/98 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98
MI DWEST	-0-	-0-	-0-	-0-	15,434,971	11,550,729	8.7	9.1
WEST	-0-	-0-	-0-	-0-	161,670,809	114,685,811	91.3	90.7
EAST	-0-	-0-	-0-	-0-	-0-	286,543	0.0	0.2
TOTAL	-0-	-0-	-0-	-0-	177,105,780	126,523,083	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1999MANUFACTURING MILK: Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80DOLLARS PER POUNDBUTTER: Bulk \$.6500; 1# Prints \$.6800CHEESE: 40 & 60# Blocks \$1.1000; 500# Barrels \$1.0700; Process American 5# \$1.1525; Process American 2# \$1.1925NONFAT DRY MILK: Nonfortified \$1.0100; Fortified \$1.0200; Instant \$1.1675Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 07/31/99 & Comparable Week 1998 1/2/

U.S. TOTAL													% DAIRY OF ALL	
Regions*	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1	WEEK SINCE JAN 1	WEEK SINCE JAN 1
1999-Dairy cows HD (000)	0.2	1.0	6.6	5.0	16.7	2.3	2.9	0.6	8.8	2.5	46.6	1,493.4	48.9	45.9
1998-Dairy cows HD (000)	0.3	1.4	5.6	5.0	17.0	2.1	2.7	1.2	8.7	2.6	46.6	1,581.3	42.2	46.1
1999-All cows HD (000)	0.2	1.2	9.0	12.7	22.9	12.6	15.4	3.3	11.6	6.4	95.2	3,257.1		
1998-All cows HD (000)	0.3	1.5	7.6	15.3	23.5	23.0	17.4	5.3	11.2	5.5	110.5	3,430.5		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

1/ States included in regions are as follows: Region 1--ME, NH, VT, CT, MA, and RI; Region 2--NY and NJ; Region 3--DE, PA, WV, VA, and MD; Region 4--KY, TN, NC, SC, GA, AL, MS, and FL; Region 5--MI, OH, IN, IL, WI, and MN; Region 6--TX, OK, NM, AR, and LA; Region 7--IA, NB, KS, and MO; Region 8--MT, WY, CO, UT, ND, and SD; Region 9--CA, NV, AZ, and HA; Region 10--ID, OR, and WA. 2/ Totals may not add due to rounding.

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74	10.86	12.07	12.79	12.83	12.96	13.29
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59					